



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
In Support of Bill 20 Relating to Accessory Dwelling Units
City Council, City and County of Honolulu
Scheduled for Hearing Wednesday, September 2, 2015, 10:00 AM, Council Chamber

Thank you for the opportunity to testify in **strong support** of Bill 20, which would amend the Land Use Ordinance to allow the creation of accessory dwelling units (ADUs). Accessory dwelling units are an important tool to address our affordable housing crisis, offering many benefits to current homeowners, prospective tenants, and the community at large. ADUs have been successfully used as an affordable housing strategy in other high-cost jurisdictions throughout the country.

The extent of Hawai'i's affordable housing shortfall is clear, and rentals for low-income households are the most desperately needed. ADUs are a straightforward way to help address this shortage without relying on government subsidies for housing creation. A homeowner makes the decision if developing an ADU makes sense, and then covers the construction expenses and property management. Relative to current government subsidies for affordable housing, ADUs are an extremely cost-efficient option that will also stimulate the economy through construction expenditures and additional work for local builders and contractors.

ADUs will increase both our total and affordable housing inventory. A study from the Center for Community Innovation found that 30 percent of ADU listings in the Bay Area were affordable to those at 30 to 50 percent of the area median income (AMI), with another 49 percent affordable to those between 50 and 80 percent AMI. Combined, almost 80 percent of units were affordable to low to moderate income families. And even those units which are rented at higher market rates add to our total housing inventory, meaning that as higher income households choose to live in ADUs, they are freeing up their current unit for another household who will often have a lower income.

Our community's changing demographics make ADUs an ideal housing option for many segments of our population. Today, one-third of renter households in Honolulu consist of a single individual. Our population is rapidly aging at the same time we are seeing a young adult population who cannot afford to rent in Hawai'i. Housing costs are climbing faster than wages, and additional affordable inventory is desperately needed to meet pent-up demand and future growth.

Not only do ADUs create rentals, but they increase affordability in another important way by making housing more affordable for the homeowners themselves. 44 percent of Hawai'i's homeowners are housing cost-burdened, meaning that they are paying more than 30 percent of their income toward housing expenses. Additional rental income from an ADU can help them to make ends meet and better

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afford their mortgage payments and property taxes. And by increasing the value of the property, an ADU helps homeowners when they sell their homes.

By allowing non-family members to rent these units as Bill 20 does, homeowners can make use of secondary units through all life stages. ADUs can house family members when necessary and then provide stabilizing income when that need does not exist. For example, a homeowner can rent to their adult children as they begin their careers, then rent to an unrelated tenant for additional income, and finally, the homeowner can move into the ADU and rent out the primary dwelling, helping her age in place.

In terms of development, ADUs are also a more environmentally sensitive housing option for Oahu. The size limit proposed in this bill will ensure that ADUs have a reduced environmental impact during construction and lower utility costs. An Oregon Department of Environmental Quality study found that ADUs are the greenest housing option due to their reduced size and energy usage. By increasing density in neighborhoods zoned for single families, they prevent urban sprawl while preserving a neighborhood's character. Recent research on ADUs in Portland, Oregon found that compared to other forms of housing, households residing in ADUs had an average of less than one car per household—less than any other form of housing except transit-oriented development.

We also support the amendments in the proposed Committee Draft 1, which will help ensure that the ADUs are used only for long-term rentals to members of our community.

Thank you again for the opportunity to testify in **strong support** of Bill 20. We greatly appreciate the amount of time and effort that the City Council has invested in finding answers to Oahu's affordable housing crisis, and in working to create a strong bill that will make a real difference in our communities. We strongly urge you to take advantage of this opportunity to expand our affordable housing supply quickly—without a substantial cost to the public—and allow our residents to benefit from accessory dwelling units.